MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017/2018

DMG5038 – MANAGEMENT ACCOUNTING

(For Diploma Students Only)

12 MARCH 2018
2.30 P.M. – 4.30 P.M.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5** pages with **4** questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

Question 1

Part A

Bright Company incurred the following transactions:

1. Purchased raw materials on account RM 46,000
2. Raw Materials of RM 36,000 were requisitioned to the factory. Materials requisition slips indicated that RM 5,400 was classified as indirect materials
3. Factory labor costs incurred were RM 56,000 of which RM 52,000 pertained to factory wages payable and RM 4,000 pertained to employer payroll taxes payable
4. Time tickets indicated that RM 45,000 was direct labor and RM 11,000 was indirect labor.
5. Overhead costs incurred on account were RM 80,500
6. Manufacturing overhead was applied at the rate of 125% of direct labor cost
7. Goods costing RM 88,000 were completed and transferred to finished goods
8. Finished goods costing RM 75,000 to manufacture were sold on account for RM 113,000

Instruction:

Prepare journal entries for the transactions. (11 marks)

Part B

Easy Deco uses a job order costing system to collect the costs of its interior design business. Each client's consultation is treated as a separate job. Overhead is applied to each job based on the number of decorator hours incurred. Listed below are data for the current year.

Estimated overhead	RM 960,000
Actual overhead	982,800
Estimated decorator hours	40,000 hours
Actual decorator hours	40,500 hours

The company uses operating overhead in place of manufacturing overhead.

Continued...

Instructions:

a) Compute the predetermined overhead rate. (2 marks)

b) Prepare the entry to apply the overhead for the year. (2 marks)

c) Determine whether the overhead was under-or-over applied and by how much. (2 marks)

d) Prepare an adjusting entry to close the amount of under-or-overapplied overhead. (1 mark)

Part C

Sardin Company begins the month of January with RM 17,000 of work in process costs from Job 324. Information from job cost sheets shows the following additional costs assigned during January, February and March 2018:

Job No.	Manufacturing Costs Assigned		
	January	**February**	**March**
324	RM 26,000		
325	18,000	RM 23,000	RM 15,000
326	41,000	11,000	
327		16,000	31,000
328		24,000	46,000

Job 324 was completed in January. Jobs 325 and 327 were completed in March, and Job 326 was completed in February. Jobs are sold in the following month after completion. Total revenue for jobs sold during the 3-month period is RM 145,000.

Instruction:

Calculate the balances of the work in process and finished goods inventory accounts at the end of March 2018. (7 marks)

[Total: 25 marks]

Continued...

Question 2

Part A

The following excerpt contains information on production and costs incurred by the processing department of Mesh Manufacturing during the month of January 2018.

"Materials costs of RM 200,000 and conversion costs of RM 214,200 were charged to a processing department in the month of January. Materials are added at the beginning of the process, while conversion costs are incurred uniformly throughout the process. There were no units in beginning work in process, 100,000 units were started into production in January, and there were 8,000 units in ending work in process that were 40% complete at the end of January."

Instruction:

Prepare a production cost report for January 2018. (20 marks)

Part B

Benson Industries uses a process costing system. Products are processed first by Department A, second by Department B, and then they are transferred to the finished goods warehouse. Shown below is the cost information for Department B during the month of February:

Costs of units transferred in	RM 120,000
Manufacturing costs added in Department B:	
• Direct materials	RM 40,000
• Direct labor	11,000
• Manufacturing overhead	19,000

The cost of work in process in Department B at 1 February is RM 25,000, and the cost of work in process at 28 February has been determined to be RM 30,000.

Continued...

Instruction:

Prepare journal entries to record for the month of October:

- The transfer of production from Department A to B.
- The manufacturing costs incurred by Department B.
- The transfer of completed units from Department B to the finished goods warehouse.

(5 marks)

[Total: 25 marks]

Question 3

The following passage contains information pertaining to the budgets of Mahoney Company for first quarter ending 31 March 2018:

Sales units:	January 5,000; February 6,000; March 7,000; April 8,000
Ending raw materials inventory:	50% of the next month's production requirements
Ending finished goods inventory:	30% of the next month's expected sales units
Production in March 2018	7,300 units
Production in April 2018	8,300 units

The ending raw materials and finished goods inventory at 31 December 2017 follow the same percentage relationships to production and sales that occur in 2018. Three pounds of raw materials are required to make each unit of finished goods. Raw materials purchased are expected to cost RM 4 per pound.

Instructions:

a) Prepare a production budget by months for first quarter ending 31 March 2018.

(10 marks)

b) Prepare a direct materials budgets by months for first quarter ending 31 March 2018.

(15 marks)

[Total: 25 marks]

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Question 4

Part A

Women Clothier manufactures business suits for women. The company uses a standard cost accounting system. In March 2018, 11,800 suits were made. The following standard and actual cost data applied to the month of March when normal capacity was 15,000 direct labor hours. All materials purchased were used in production.

Cost Element	Standard (per unit)	Actual
Direct materials	5 yards at RM 6.80 per yard	RM 410,400 for 57,000 yards (RM 7.20 per yard)
Direct labor	1.0 hours at RM 11.50 per hour	RM 125,440 for 11,200 hours (RM 11.20 per hour)

Instructions:

a) Compute the total, price and quantity variances for materials. (10 marks)

b) Compute the total, price and quantity variances for labor. (10 marks)

Part B

Warren Company is planning to produce 2,000 units of product in 2018. Each unit requires 3 pounds of materials at RM5 per pound and a half hour of labor at RM 16 per hour. The overhead rate is 70% of direct labor.

Instruction:

Compute the standard cost of one unit of product. (5 marks)

[Total: 25 marks]

[Grand Total: 100 marks]

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